Province of Nova Scotia
Financial Statements
1991

Nova Scotia

92-01076/

This report presents the Financial Statements of the Province of Nova Scotia for the fiscal year ended March 31, 1991. The complete Public Accounts will be presented to the Legislative Assembly at its next session.

Hon. Greg Kerr,
Minister of Finance

Province of Nova Scotia Financial Statements 1991

Nova Scotia

Province of Nova Scotia

Financial Statements

March 31, 1991

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Province of Nova Scotia

Auditors' Report

The Honourable Greg Kerr,
Minister of Finance,
Province of Nova Scotia,
Halifax, Nova Scotia.

Sir:

We have audited the statements of financial position of the Province of Nova Scotia as at March 31, 1991 and 1990 and the statements of consolidated fund transactions and of current revenue and expenditure for the years then ended together with notes to the financial statements and the supporting statements. These financial statements are the responsibility of the Province. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by senior officials, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Province of Nova Scotia as at March 31, 1991 and 1990 and the results of its operations and the changes in its financial position for the years then ended, in accordance with the accounting policies stated in the notes to the financial statements.

Deloitte & Touche
Chartered Accountants

Montreal, Quebec
July 24, 1991

Province of Nova Scotia

Statement of Financial Position

as at March 31

	1991	1990
		(in thousands)
ASSETS		
Current Assets:		
Cash and short–term investments	$ 173,860	$ 21,133
Accounts receivable	401,566	359,242
Inventories	30,152	31,060
Advances	2,681	2,481
	608,259	413,916
Capital Assets: (Note 3)		
Loans	743,413	736,594
Investments	11,104	12,131
	754,517	748,725
	$ 1,362,776	$ 1,162,641
LIABILITIES		
Current Liabilities:		
Bank advances and short–term borrowings	$ 137,671	$ 133,123
Accounts payable	324,640	457,532
Accrued interest	191,646	173,935
	653,957	764,590
Capital Liabilities: (Note 4)		
Debentures	6,927,046	6,216,590
Other Capital Liabilities	58,901	62,220
	6,985,947	6,278,810
Less: Sinking Funds	1,546,191	1,426,702
	5,439,756	4,852,108
	6,093,713	5,616,698
NET DIRECT DEBT		
Net Direct Debt	(4,730,937)	(4,454,057)
	$ 1,362,776	$ 1,162,641
Trust Funds under Administration (Note 10)	$ 2,363,246	$ 2,017,676

Contingent Liabilites and Commitments (Notes 2, 6 and 7)

Province of Nova Scotia

Consolidated Fund Transactions

for the fiscal year ended March 31

	1991	1990
	(in thousands)	
Budgetary Transactions		
Current Account		
Excess of Current Operating Expenditure over Revenue and Recoveries	$ 145,768	$ 61,753
Sinking Fund Instalments and Serial Retirements	99,885	100,824
Net Revenue Deficit	245,653	162,577
Capital Account		
Net Capital Expenditure	254,400	335,818
Advance under the Appropriations Act	41	40
Net Budgetary Transactions	500,094	498,435
Non–Budgetary Transactions		
Capital Expenditure for which no vote is required	967	3,202
Net Increase (Decrease) in Loans and Investments	38,938	(1,811)
Expenditure from Health Services Reserve Account	18	4
Expenditure from Funds created from Special Reserve	1,474	1,351
Earnings on sinking funds pertaining to borrowings for Nova Scotia Power Corporation credited to their Advances	3,440	3,981
Debt Retirement not chargeable to Current Revenue	2,328	2,150
Non–Budgetary Transactions	47,165	8,877
Total Budgetary and Non–Budgetary Transactions	547,259	507,312
Less: Non–Fund Requiring Transactions	29,369	29,150
	517,890	478,162
Refinancing Transactions	52,324	185,847
Assumption of Sysco Debt (Note 2)	---	785,000
Total Consolidated Fund Transactions	$ 570,214	$ 1,449,009
Funds Provided By:		
Debentures Issued	$ 874,666	$ 967,757
Disposal of Capital Assets	524	396
Net (Increase) Decrease in Cash and Short–term Investments, less Bank Advances and Short–term Borrowings	(148,179)	363,170
(Decrease) Increase in other Net Current Liabilities	(156,797)	117,686
	$ 570,214	$ 1,449,009

Province of Nova Scotia

Current Revenue and Expenditure

for the fiscal year ended March 31

	1991			1990
	Estimate	Forecast (in thousands)	Actual	Actual
Revenue and Recoveries				
Provincial Sources				
Income Taxes	$ 1,027,600	$ 1,013,700	$ 1,013,700	$ 923,749
Sales Taxes	959,900	916,228	906,834	870,088
Interest Revenue – Loans	60,365	64,724	58,948	68,291
– Other	17,561	8,437	9,605	24,087
Liquor Commission	87,000	76,500	73,800	83,349
Transportation and Registry of Motor Vehicles	51,772	50,142	48,309	48,641
Other Provincial Revenue	163,767	146,457	147,405	123,047
Federal Sources				
Equalization	917,998	931,600	931,600	865,194
Established Programs Financing	350,800	344,200	344,298	367,606
Shared Cost Programs	242,539	250,463	253,762	216,583
Other Federal Payments	2,251	2,251	2,251	2,251
Other Recoveries	101,391	103,662	104,984	95,109
	3,982,944	3,908,364	3,895,496	3,687,995
Expenditure				
General Government	120,759	117,262	111,197	106,943
Public Protection	159,575	163,608	163,857	147,066
Transportation and Communication	143,648	143,175	140,725	147,049
Resource Development	182,032	206,492	207,724	212,243
Health	1,164,053	1,172,375	1,176,610	1,106,544
Social Services	454,586	465,494	470,803	417,830
Education	1,001,917	1,009,222	1,009,815	959,684
Culture and Recreation	37,974	37,961	37,787	38,590
Debt Charges (Note 5)	678,374	674,411	671,702	570,871
Municipal Affairs	67,396	67,440	67,387	67,074
	4,010,314	4,057,440	4,057,607	3,773,894
Excess of Current Operating Expenditure over Revenue and Recoveries before prior years' adjustments	27,370	149,076	162,111	85,899
Prior Years' Adjustments–Federal–Provincial Fiscal Arrangements	---	16,343	16,343	24,146
Excess of Current Operating Expenditure over Revenue and Recoveries	27,370	132,733	145,768	61,753
Sinking Fund Instalments and Serial Retirements	99,974	99,944	99,885	100,824
Net Revenue Deficit	$ 127,344	$ 232,677	$ 245,653	$ 162,577

Province of Nova Scotia

Capital Expenditure

for the fiscal year ended March 31

	1991			1990
	Estimate	Forecast (in thousands)	Actual	Actual
Capital Expenditure				
General Government	$ 6,797	$ 5,722	$ 4,759	$ 10,420
Public Protection	3,766	2,967	1,634	2,576
Transportation and Communication	129,670	122,750	123,479	160,636
Resource Development	64,521	60,587	61,354	114,104
Health	48,168	51,393	48,991	37,580
Social Services	426	378	203	191
Education	9,759	13,196	12,750	21,991
Culture and Recreation	9,896	8,078	7,159	24,182
Municipal Affairs	32,341	32,805	31,062	30,585
	305,344	297,876	291,391	402,265
Less: Recoveries	39,100	36,982	36,024	63,245
Net Capital Expenditure	$ 266,244	$ 260,894	$ 255,367	$ 339,020

Note: Capital expenditures consist of budgetary and non–budgetary transactions which for the year ended March 31, 1991 amounted to $254,400,000 and $967,000 respectively (1990 – $335,818,000 and $3,202,000).

Province of Nova Scotia

Changes in Net Direct Debt

for the fiscal year ended March 31

	1991	1990
	(in thousands)	
Net Direct Debt – beginning of year	$ 4,454,057	$ 3,947,163
Add:		
Excess of Current Operating Expenditure over Revenue and Recoveries (Statement 3)	145,768	61,753
Transactions not affecting Net Direct Debt	3,782	10,115
	149,550	71,868
Net Capital Expenditure (Statement 4)	255,367	339,020
Expenditures from Reserve Accounts –		
Funds created from Special Reserve Account	1,474	1,351
Health Services Reserve Account	18	4
Change in provision for doubtful loans	36	(107)
Decrease (Increase) in unrealized gain in respect of the translation of foreign currency debt and sinking funds	3,322	(126,795)
Discounts on debentures issued	10,320	11,226
Assumption of indebtedness of Sydney Steel Corporation (Note 2)	---	341,458
Total Additions to Net Direct Debt	420,087	638,025
Deduct:		
Income from sinking funds	142,683	130,735
Proceeds of disposal of capital assets	524	396
Total Deductions from Net Direct Debt	143,207	131,131
Increase in Net Direct Debt for the year	276,880	506,894
Net Direct Debt – end of year	$ 4,730,937	$ 4,454,057

Province of Nova Scotia

Loans and Investments

as at March 31

	Loans and Investments	Provisions	Loans and Investments less Provisions 1991	1990
		(in thousands)		
Loans:				
Housing –				
Housing Development Act (net of Canada Mortgage and Housing Corporation and other borrowings of $55,175,000 in 1991 and $58,174,000 in 1990)	$ 116,486	$ 2,964	$ 113,522	$ 115,026
Resource and Industrial Development –				
Agriculture and Rural Credit Act	149,059	4,090	144,969	139,167
Business Capital Corporation Act	50,388	14,979	35,409	36,769
Deuterium of Canada Act	113,897	---	113,897	113,897
Fisheries Development Act	57,382	1,095	56,287	59,995
Industrial Development Act	171,544	70,993	100,551	83,773
Industrial Loan Act	40,473	17,519	22,954	26,619
Nova Scotia Power Corporation Act	8,459	---	8,459	17,287
Small Business Development Corporation Act	52,164	7,213	44,951	41,674
Venture Corporations Act	9,696	6,244	3,452	4,336
Miscellaneous	816	---	816	890
Other –				
Loans to Municipalities	19,770	---	19,770	22,754
Universities Assistance Act	78,376	---	78,376	74,407
Health Services Tax Act	1,493	1,493	---	---
	870,003	126,590	743,413	736,594
Investments	23,311	12,207	11,104	12,131
	$ 893,314	$ 138,797	$ 754,517	$ 748,725

Province of Nova Scotia

Additional Loans, Investments and Repayments

for the fiscal year ended March 31

Additional Loans and Investments 1991	Additional Loans and Investments 1990		Repayments 1991	Repayments 1990
(in thousands)			(in thousands)	
		Housing –		
$ 35,151	$ 39,387	Housing Development Act	$ 36,718	$ 40,750
		Resource and Industrial Development –		
15,180	17,641	Agriculture and Rural Credit Act	9,300	12,736
10,921	46,326	Business Capital Corporation Act	7,297	199
8,064	7,923	Fisheries Development Act	11,852	9,589
47,738	54,920	Industrial Development Act	15,630	13,504
---	---	Industrial Estates Limited Act	---	71,201
8,387	6,163	Industrial Loan Act	5,109	5,775
---	---	Nova Scotia Power Corporation Act	9,356	48,031
11,192	28,496	Small Business Development Corporation Act	3,179	3,766
50	633	Venture Corporations Act	484	150
41	40	Miscellaneous	52	---
		Other –		
---	---	Loans to Municipalities	2,984	3,146
6,352	5,661	Universities Assistance Act	2,383	---
---	---	Health Services Tax Act	---	157
$ 143,076	$ 207,190		$ 104,344	$ 209,004

Note: Included in additional loans, investments and repayments for the fiscal year ended March 31, 1990 is the effect of the winding down of Industrial Estates Limited (IEL) which included the transfer of IEL capital loans ($39,345,000) to Business Capital Corporation and the transfer of IEL industrial parks ($22,200,000) to Small Business Development Corporation.

Province of Nova Scotia

Debentures and Sinking Funds

as at March 31, 1991

Series	Date of Issue	Date of Maturity	Rate	Amount Outstanding (in thousands)	Sinking Funds
Payable in Canadian Currency					
Canada Pension Plan Investment Fund(A)					
CP08	May 1, 1972	March 1, 1992	7.08 %	$ 35,715	$ 33,682
CP11	Aug. 1, 1973	March 1, 1993	7.36	38,567	32,528
CP13	Aug. 1, 1974	March 1, 1994	7.53	43,767	32,883
CP14	Aug. 1, 1975	March 10, 1995	8.55	50,910	33,789
CP15	Oct. 1, 1976	March 2, 1996	8.94	57,325	33,401
CP16	Nov. 1, 1977	March 3, 1997	9.00	59,709	30,338
CP18	Nov. 1, 1978	March 1, 1998	9.08	62,852	27,728
CP19	Feb. 1, 1980	March 1, 1999	9.56	68,176	25,574
CP20	Nov. 1, 1980	March 3, 2000	10.59	73,922	24,072
CP21	Oct. 1, 1981	March 2, 2001	12.70	78,277	21,647
CP22	April 1, 1982	March 1, 2002	15.43	96,251	23,235
CP23	June 1, 1983	March 1, 2003	14.67	93,725	18,466
CP24	June 1, 1984	March 1, 2004	11.60	90,597	14,315
CP25	Aug. 1, 1985	Jan. 2, 2005	13.37	85,762	10,945
CP26	April 1, 1986	March 3, 2006	11.48	91,752	9,185
CP27	May 1, 1987	March 2, 2007	9.61	109,641	7,651
CP29	May 1, 1988	March 1, 2008	9.77	81,516	3,719
CP30	June 1, 1989	Dec. 1, 2008	10.08	78,450	1,678
CP31	June 1, 1990	March 1, 2010	9.90	85,218	(A)
T291	April 2, 1990	April 2, 2010	10.36	13,884	(A)
T292	May 1, 1990	May 1, 2010	10.81	19,783	(A)
T294	July 3, 1990	July 3, 2010	10.47	12,278	(A)
T295	Aug. 1, 1990	Aug. 1, 2010	10.46	703	(A)
				1,428,780	384,836

Province of Nova Scotia

Series	Date of Issue	Date of Maturity	Rate	Amount Outstanding (in thousands)	Sinking Funds
	Other Issues				
6F	Nov. 1, 1966	Nov. 1, 1991	6.250 %	15,000	15,000
7C	Dec. 1, 1971	Dec. 1, 1991	7.625	15,000	10,472
6G	Jan. 2, 1967	Jan. 2, 1992	6.500	20,000	20,000
BN	Nov. 1, 1980	Dec. 1, 1991–1993(a)	12.125	60	(B)
8M	Nov. 1, 1983	Nov. 1, 1993	12.000	100,000	20,846
6B	March 1, 1964	March 1, 1994	5.500	7,500	7,500
8R	Feb. 20, 1985	Feb. 20, 1995	11.625	100,000	24,318
7D	Dec. 1, 1971	Dec. 1, 1996	7.625	10,000	7,117
8G	April 15, 1982	April 15, 1997	15.500	100,000	26,928
7Q	Jan. 1, 1979–1991	Jan. 1, 1998	5.500	62,055	(C)
7U	Dec. 21, 1978	Dec. 21, 1998	10.000	50,000	19,085
8Z	March 1, 1988	March 1, 1998	9.875	150,000	6,400
7W	Jan. 4, 1980	Jan. 4, 2000	11.250	75,000	24,590
7K	March 3, 1975	March 3, 2000	9.250	35,000	23,057
7Z	Dec. 29, 1980	Dec. 29, 2000	13.375	85,000	23,946
7S	March 15, 1978	March 15, 1992–2003(a)	9.750	9,000	(B)
7V	March 30, 1979	March 30, 1992–2004(a)	10.500	13,000	(B)
8Q	Dec. 18, 1984	Dec. 18, 2004	12.625	150,000	16,542
7T	Sept. 7, 1978	Sept. 7, 1991–2008(a)	9.750	14,400	(B)
8S	July 3, 1985	July 3, 2009	11.250	150,000	10,956
8U	Dec. 12, 1985	Dec. 12, 2009	10.875	150,000	10,340
				1,311,015	267,097

Series	Date of Issue	Date of Maturity	Rate			Amount Outstanding (in thousands)	Sinking Funds
Payable in United States Currency (E)							
8D	Nov. 15, 1981	Nov. 15, 1991	15.750 %	(U.S. $	125,000)	144,838	37,012
6H	Feb. 1, 1967	Feb. 1, 1992	5.875	(U.S. $	40,000)	46,348	46,348
8X	June 1, 1987	June 1, 1992	8.875	(U.S. $	125,000)	144,838	45,310
6J	July 1, 1967	July 1, 1992	6.250	(U.S. $	35,000)	40,554	40,554
6K	Oct. 15, 1967	Oct. 15, 1992	6.500	(U.S. $	35,000)	40,554	40,554
6N	Feb. 1, 1968	Feb. 1, 1993	7.000	(U.S. $	40,000)	46,348	46,348
6Q	Aug. 1, 1968	Aug. 1, 1993	7.250	(U.S. $	25,000)	28,968	28,968
6S	Nov. 15, 1968	Nov. 15, 1993	7.250	(U.S. $	35,000)	40,554	40,554
6T	March 1, 1969	March 1, 1994	7.625	(U.S. $	30,000)	34,761	34,761
6U	Aug. 1, 1969	Aug. 1, 1994	8.625	(U.S. $	35,000)	40,555	40,555
6V	Nov. 15, 1969	Nov. 15, 1994	9.000	(U.S. $	35,000)	40,554	40,554
8Y	Jan. 1, 1988	Jan. 1, 1995	9.625	(U.S. $	200,000)	231,740	15,733
6W	March 15, 1970	March 15, 1995	9.750	(U.S. $	20,000)	23,174	23,174
7P	Dec. 29, 1977	Dec. 29, 1991 – 1997(a)	8.875	(U.S. $	24,200)	28,041	(B)
8K	Feb. 1, 1983	Feb. 1, 1998	11.750	(U.S. $	100,000)	115,870	34,353
7L	March 1, 1976	March 1, 2001	9.250	(U.S. $	60,000)	69,522	47,289
9D	Nov. 15, 1989	Nov. 15, 2001/2019	8.250	(U.S. $	250,000)	289,675	3,004
8L	May 15, 1983	May 15, 2013	11.500	(U.S. $	150,000)	173,805	17,980
8V	March 15, 1986	March 15, 2016	8.875	(U.S. $	150,000)	173,805	11,012
9B	Feb. 1, 1989	Feb. 1, 2019	9.500	(U.S. $	200,000)	231,740	4,943
9C	July 1, 1989	July 1, 2019	8.875	(U.S. $	200,000)	231,740	2,490
9E	March 1, 1990	March 1, 2020	9.250	(U.S. $	300,000)	347,610	3,504
9F	July 15, 1990	July 15, 2002	9.375	(U.S. $	300,000)	347,610	(D)
						2,913,204	605,000

Series	Date of Issue	Date of Maturity	Rate	Amount Outstanding	Sinking Funds
				(in thousands)	
Payable in Other Currencies (F)					
8T	Nov. 13, 1985	Nov. 13, 2005	5.500 % (SF 195,000)	155,240	11,033
9G	Aug. 3, 1990	Aug. 3, 2000	7.000 (SF 250,000)	199,025	(D)
8C	Oct. 31, 1981	Oct. 31, 2011	16.750 (UK £ 30,000)	60,414	5,288
8P	April 18, 1984	April 18, 2019	11.750 (UK £ 60,000)	120,828	3,641
AL	March 18, 1987	March 18, 1997–2008(a)	5.750 (Yen 30,000,000)	246,180	18,027
9A	Nov. 9, 1988	Nov. 9, 1998	5.400 (Yen 30,000,000)	246,180	8,826
9H	Nov. 30, 1990	Nov. 30, 2000	7.700 (Yen 30,000,000)	246,180	(D)
				1,274,047	46,815
General Sinking Funds				N/A	238,159
				$ 6,927,046	$ 1,541,907

The following is a schedule of debentures maturing in each of the next five fiscal years with related sinking funds. Amounts payable in foreign currencies and related sinking funds invested in foreign currencies are expressed at the Canadian dollar equivalent at the rates prevailing at the date of the financial statements.

For the year ending March 31	Maturing Debentures	Related Sinking Funds
	(in thousands)	
1992	$ 283,292	$ 162,514
1993	317,254	205,296
1994	261,949	165,512
1995	493,307	178,122
1996	63,699	33,401

Notes:

(a) Serial maturity.

(A) Debentures held by the Canada Pension Plan Investment Fund are payable 20 years after their respective dates of issue, are not negotiable and not transferable or assignable but are redeemable in whole or in part before maturity at the option of the Minister of Finance of Canada, on six months' prior notice when he deems it necessary in order to meet the requirements of the Canada Pension Plan. Amounts are borrowed monthly and consolidated into one debenture annually.

The Province has established sinking funds for retirement of borrowings from the Canada Pension Plan Investment Fund, with annual payments commencing one year after the consolidation of monthly borrowings.

(B) Debenture issues to be retired through annual principal payments during the years indicated.

(C) Issue to be retired from proceeds of a trust established to repay indebtedness to the Province.

(D) Sinking fund payments normally commence on the first anniversary date of the issue of the debentures and are generally designed to retire the debt over a 20 to 25 year period unless the term of the issue is longer. Sinking fund investments consist primarily of debentures of the Province of Nova Scotia and the Government of Canada.

(E) Debentures payable in U.S. currency, totalling U.S. $2,514,200,000, and related sinking funds of U.S. $522,137,689 are reflected at the rate of exchange in effect at March 31, 1991.

(F) Canadian dollar equivalent at rates of exchange in effect at March 31, 1991.

Notes to the Financial Statements

MARCH 31, 1991

1. FINANCIAL REPORTING AND ACCOUNTING POLICIES

Public Accounts

The Public Accounts of the Province, of which these financial statements are a part, are presented annually to the Legislative Assembly and contain, among other information, the detail of revenue and recoveries, current and capital expenditure, borrowing and investing authorities as well as detailed expenditure by object.

The receipt of public revenues, the disbursement of public funds, the control of expenditures and the keeping and auditing of the accounts of the Province are governed by various Provincial statutes.

The Reporting Entity

All receipts and disbursements of public money must flow through the "Consolidated Fund" of the Province. However, the Consolidated Fund does not include special funds such as trust, pension and sinking funds.

Receipts and disbursements consist of current revenue and expenditure, capital expenditure, recoveries, loans and investments, and other transactions.

Any net cash requirement of the Consolidated Fund is provided by the Province's traditional sources of financing, including internal sources and borrowings in financial markets.

The financial operations of provincially owned or controlled corporations and agencies, with the exception of the Nova Scotia Liquor Commission, are not consolidated in these financial statements and are reflected in revenue and expenditure of the Province only to the extent of any operating grants made by the Province. Operating grants are normally reflected as current expenditure. Net profits of the Nova Scotia Liquor Commission and the Nova Scotia Liquor License Board are included in current revenue of the Province.

The following are major crown corporations and agencies of the Province:

Nova Scotia Housing Development Corporation - A Crown corporation established to provide long-term mortgage financing through outside lenders for the Public Non-Profit Housing Program and various home ownership programs of the Department of Housing. Administration and management of the corporation is provided by the Department of Housing. The corporation pays an administration fee to the Department to the extent that interest revenues exceed expenses and interest costs in any year.

Nova Scotia Municipal Finance Corporation - Established to provide financing of approved capital projects for municipalities, municipal enterprises, school boards and hospitals through a central borrowing authority. Borrowings of the corporation are guaranteed by the Province and the proceeds

are reloaned to municipalities, municipal enterprises and participating hospitals on substantially the same terms as the corporation's borrowings. Administrative expenses are paid by an operating grant from the Province.

Nova Scotia Power Corporation - A Crown corporation engaged in the production and sale of electric energy. The Province guarantees the corporation's borrowings, otherwise it is an autonomous commercial entity.

Nova Scotia Research Foundation Corporation - Established to assist in the economic development of Nova Scotia by promoting, stimulating and encouraging the effective utilization of science and technology by industry and government. The corporation receives an annual operating grant from the Province to defray its operating expenses in excess of its contract revenue and investment income.

Nova Scotia Resources Limited - Established to invest in and manage the Province's participation in petroleum, energy and mineral projects. The Province guarantees the corporation's borrowings.

Sydney Steel Corporation - A Crown corporation engaged in the manufacture and sale of steel products. The Province has provided substantial financial assistance to Sydney Steel Corporation and in January 1990, assumed responsibility for the bank debt which it had guaranteed. The Province continues to guarantee lines of credit for working capital purposes and to provide grants in respect of debt servicing for outstanding debenture debt.

Trade Centre Limited - A Crown corporation engaged in the operation of a trade and convention centre and the leasing of office and commercial space. The Province guarantees the corporation's borrowings and provides annual grants for operating and debt retirement purposes.

Waterfront Development Corporation Limited - Established to redevelop and revitalize sections of the waterfronts of Halifax and Dartmouth in accordance with an agreement between the corporation and the Province. The Province guarantees the corporation's borrowings and provides annual operating grants.

Net Direct Debt

The Province's financial statements are presented so as to highlight net direct debt, a measurement of financial position. Net direct debt consists of the direct liabilities of the Province less its realizable assets. Capital expenditures are not considered to be realizable assets for purposes of calculating net direct debt. Transactions affecting net direct debt are summarized in the statement of changes in net direct debt.

Budgetary Process

The budgetary estimates, as approved by the Legislative Assembly, provide the authority for current and capital expenditures and indicate the anticipated revenues and recoveries of the Province for the fiscal year. Authority for current expenditure expires at the end of the fiscal year. Authority for capital expenditure for a fiscal year does not expire until the end of the following fiscal year.

Authority for current and capital expenditures is also provided by special legislation and by order of the Lieutenant Governor in Council under the authority of the Provincial Finance Act.

The Estimates are presented annually to the Legislative Assembly and reflect anticipated revenue and expenditure programs for the fiscal year for which approval is requested.

The Estimates also include a Forecast for the previous fiscal year indicating revisions of revenue and expenditure projections.

Estimate and Forecast figures are reflected in the statements of current revenue and expenditure and of capital expenditure.

Accrual Accounting

The accounts of the Province are kept on the accrual basis, revenues being recorded when earned and expenditures being recorded when the liabilities are incurred, with the following exceptions.

Payments from the Federal Government under the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act in respect of Equalization and Established Programs Financing Payments and under the Tax Collection Agreement in respect of Personal and Corporate Income Taxes are subject to adjustment in future years. Adjustment payments in respect of prior years are reflected separately under "Prior Years' Adjustments - Federal-Provincial Fiscal Arrangements."

Entitlements or liabilities are accrued on the basis of the best estimates available when the financial statements are prepared.

Net Revenue Surplus/Deficit, Special Reserve and Health Services Reserve Accounts

The annual net revenue surplus/deficit consists of current revenue and recoveries, excluding sinking fund earnings, less current operating expenditure, and annual sinking fund instalments and serial retirements in respect of capital liabilities.

Pursuant to the Provincial Finance Act, the net revenue surplus in any year may be transferred to the Special Reserve Account. The Health Services Tax Act provides that the Minister of Finance may pay out of the Consolidated Fund of the Province such sums as are deemed necessary to establish the health services reserve account. Amounts in these accounts and funds created therefrom may be used for the various purposes defined under the Acts.

Current Revenue

The main sources of revenue for the Province are as follows:

Federal Sources - Since 1941 the Government of Canada has cooperated with the provinces in arrangements for the collection and distribution of tax revenues. The major components of these arrangements are Equalization and the Established Programs Financing Payments.

Equalization: annual payments based on the Province's fiscal capacity measured against a five-province average fiscal capacity on a per capita basis. There is currently a ceiling on the total payments by the Federal Government for this program to ensure that in any year the percentage increase of such payments does not exceed that of Canada's gross national product.

Established Programs Financing Payments: block funding arrangements in respect of post-secondary education, insured health services and extended health care services. Per capita entitlements are currently frozen at 1989-90 levels until March 31, 1995.

Shared Cost Programs: the Federal Government pays a portion of certain program costs for social services, adult occupational training programs and approved resource and industrial development projects.

Provincial Sources - Income Taxes: both personal and corporate income taxes are collected on behalf of the Province by the Federal Government. Personal income tax is assessed as a percentage of the basic Federal tax payable on personal income earned in Nova Scotia, while the corporate income tax is based on corporate income earned in the Province.

Sales Taxes: include the health services tax and gasoline and diesel oil taxes. The health services tax applies to most goods consumed and certain services provided within the Province. Gasoline and diesel oil taxes are based on a percentage of the average retail price of these motive fuels.

Current Expenditure

The major program expenditures of the Province by purpose are as follows:

Health: the Province administers a universal and comprehensive medical service and hospital care plan. Annual operating grants are paid to 48 hospitals and health-care institutions, funding is also provided for a dental care program for residents under 12 years of age and for pharmaceutical services for residents over 65 years of age.

Education: the Province provides operating grants to school boards and assists universities through operating grants and loans for capital purposes, (see Note 7. "Commitments").

Social Services: the Province provides direct assistance payments to handicapped and other disadvantaged persons and cost-shares with the municipalities for the provision of adult residential care and short-term social assistance. Except for extended health care services which are covered by the Established Programs Financing program, most costs of social services are shared equally with the Federal Government.

Capital Expenditure

Expenditures resulting in the construction or acquisition of assets which are expected to have a useful life in excess of five years are charged to capital in the Province's accounts. Capital account appropriations also include certain expenditures on assets of a long-term nature to which title may vest with entities other than the Provincial Government (such as hospitals or municipalities), but which are considered to be for the benefit of the general populace of the Province. In addition, capital account appropriations include the present value of long-term leases under which the Province assumes substantially all of the benefits and risks of ownership related to the leased property, and assets acquired under long-term purchase agreements.

Loans and Investments

Under the authority of various Provincial statutes, the Province provides loans to, and makes investments in, its own corporations and agencies, and other entities. The loans and investments relate to programs for the promotion of resource and industrial development, the provision of low-cost and senior citizen housing, financing for educational institutions and the provision of funding for various Crown agencies and municipalities.

Loans and investments are reflected in the financial statements net of losses and provisions for losses, which are established as required through charges to current revenue and expenditure.

Interest revenue is recorded on an accrual basis. Provision for losses in respect of current years interest revenues are reflected as a reduction of interest revenue.

Annual administrative and operating expenses are included as current expenditures of the Province.

The major loan programs funded by the Province are as follows:

Nova Scotia Farm Loan Board

Loans are provided at below market rates to individuals, partnerships and corporations engaged in the farming industry. Loans generally are provided for the acquisition of real estate or the improvement of existing facilities and are secured by agreements of sale between the borrower and the Province.

Interest rates range from 8% to 11% depending upon the type and size of the loan.

Nova Scotia Business Capital Corporation

The corporation provides business loans of a minimum of $3,000,000 and administers the activities of the industrial expansion fund, and the loan portfolio formerly administered by Industrial Estates Limited.

The general policy is to set interest rates from 1 1/2% to 2 1/4% over the average Provincial borrowing rate; however, from time to time loans are made with concessionary terms.

Small Business Development Corporation

The corporation provides loans under $3,000,000 to small businesses. In addition at March 31, 1990, the corporation took over ownership and operation of industrial parks formerly owned and operated by Industrial Estates Limited, a Provincial Crown corporation formerly engaged in industrial promotion.

Interest rates are determined quarterly and generally approximate the Province's average borrowing rate.

Venture Corporations Act

The Province provides a source of equity capital to registered Venture Corporations and through them to small enterprises to assist in their development. These loans are interest free for ten years after which the maximum rate would be 3% above the Bank of Canada rate.

Fisheries Development Fund

Loans are provided at below market rates for the construction or purchase of vessels, machinery and other fishing equipment. Loans made to individuals, partnerships and corporations are secured by first marine mortgages.

Interest rates range from 8% to 11%, with certain larger loans having rates set at the greater of the Province's average borrowing rate or 11%.

Housing Development Fund

The Province's share of capital housing programs is provided through the Housing Development Fund. These programs include low interest loans for home rehabilitation, renovations and the assembly and servicing of land.

Interest rates charged in respect to various loan programs range from 6% to 1/4% above five year commercial lenders' first mortgage rates.

The Province subsidizes certain housing programs including, in some cases, the subsidization of interest costs.

Universities Assistance Act

The Province provides loans to universities for capital projects. The loans bear interest at rates approximating the Province's average cost of borrowing and are secured by 20 year mortgage bonds. Repayment is provided through sinking funds established to retire the loans over a twenty year period.

The Province includes provisions in annual operating grants to universities in respect of debt servicing costs associated with these loans.

Accounts Receivable and Current Advances

Accounts receivable and current advances are reflected in the financial statements net of provisions for losses or uncollectible amounts, which are established as required through charges to current revenue and expenditure.

Inventories

Inventories consist mainly of goods for resale and machinery repair parts, gravel, lumber and other materials relating to the upkeep of highways. Inventories also include selected operating supplies, which are used mainly by Provincially operated hospitals, hotels and educational institutions. Inventories are stated at the lower of cost and net realizable value.

Debentures and Sinking Funds

Debentures payable in foreign currencies, accrued interest thereon, and related sinking funds invested in foreign currencies, are reflected in the statement of financial position at the Canadian dollar equivalent at rates of exchange prevailing at the date of the financial statements. The unrealized foreign currency gains or losses on debentures, net of related sinking funds, are amortized over the terms of the respective debenture issues by charges or credits to current expenditure. Sinking fund instalments, serial retirement payments and interest payable in foreign currencies are reflected in current expenditure at rates in effect at the date of the payment.

Discounts and underwriting commissions related to the issuance of debentures are amortized over the terms of the related debenture issues by charges to current expenditure.

Sinking funds are maintained for the purpose of retiring debentures and Government of Canada loans. Sinking fund payments normally commence on the first anniversary date of the issue of the debentures and are generally designed to retire the debt over a 20 to 25 year period unless the term of the issue is longer.

Sinking fund investments are reflected in the statement of financial position at amortized cost, and consist primarily of debentures of the Province of Nova Scotia and the Government of Canada. Sinking funds for debentures payable in U.S. currency are invested in U.S. funds. Where feasible, sinking funds for debentures payable in other currencies are invested in the currency of the issue, with the balance invested in Canadian funds.

Pursuant to the Provincial Finance Act, sinking fund instalments and serial retirements of capital liabilities are treated as an expenditure in the calculation of net revenue surplus/deficit.

Earnings on sinking funds are credited directly to net direct debt.

2. SYDNEY STEEL CORPORATION (SYSCO)

To March 31, 1991, the Province had made cumulative operating grants to Sysco totalling $201,194,000, made $107,597,000 in equity contributions for debt retirement, and contributed $291,836,000 in respect of capital expenditure programs of which $203,854,000 has been recovered from the Federal Government. Annual operating grants are reflected as current expenditure and equity contributions as capital expenditure in the Province's financial statements.

On January 31, 1990, the Province assumed $785,000,000 of Sydney Steel Corporation's indebtedness which had been guaranteed by the Province; accordingly the excess of indebtedness assumed by the Province over the deficiency in net assets of Sysco previously provided for in the accounts of the Province was charged to net direct debt. As at March 31, 1991, the Province had refinanced all of this indebtedness.

As at March 31, 1991 Sysco had $71,102,000 in bank loans outstanding against an $80,000,000 line of credit guaranteed by the Province. On May 7, 1991, the Province guaranteed an additional $20,000,000 in lines of credit for Sysco.

For the year ended March 31, 1991, Sysco suffered a loss of $64,492,000 after depreciation of $18,350,000. Since Sysco's financial statements are not consolidated with those of the Province this loss has not been included in the accounts of the Province. It is not possible to determine the extent of any losses that may be incurred by the Province in respect of its guarantees of Sysco debt.

3. DEUTERIUM OF CANADA LIMITED (DEUTERIUM)

On February 9, 1978, an agreement was signed for the sale of the facilities of Deuterium and its subsidiaries to Atomic Energy of Canada Limited (AECL), the Federal Government corporation responsible for Canada's nuclear program. The purchase price is being paid in eighty quarterly instalments of $825,000. Title to the facilities will pass upon payment of the final instalment.

The instalments are being paid to a trustee, who is obligated to invest the funds and the earnings thereon in debentures of the Province yielding 5.5% to maturity. These investments amounted to $62,887,000 at March 31, 1991. At the date of the final payment, January 1, 1998, the fund will total $118,900,000 and will be used to repay the Province's non-interest bearing loans to and investment in Deuterium.

4. DEBENTURES AND OTHER CAPITAL LIABILITIES

Debentures payable in foreign currencies and related sinking funds invested in foreign currencies are reflected in the statement of financial position at the Canadian dollar equivalent at rates of exchange prevailing at the date of the financial statements. Maturities and related sinking funds for the next five years are shown in the footnotes to the Statement of Debentures and Sinking Funds.

As at March 31, 1991 and March 31, 1990, the unrealized net gains on foreign currency translation amounted to $165,037,000 and $181,382,000, respectively.

As at March 31, 1991 and March 31, 1990, unamortized discounts on debentures amounted to $51,728,000 and $47,039,000, respectively.

	1991	1990
		(in thousands)
Debentures	$6,927,046	$6,216,590
Government of Canada Loans	26,334	29,297
Obligation under Capital Leases and Purchase Agreement	32,567	32,923
	6,985,947	6,278,810
Less: Sinking Funds	1,546,191	1,426,702
	$5,439,756	$4,852,108

Government of Canada loans include funds provided in respect of municipal projects under federally sponsored programs which the Province in turn advanced to municipalities under similar terms and conditions. At March 31, 1991 and March 31, 1990, these advances amounted to $11,627,000 and $13,299,000, respectively. The balance of the loans from the Government of Canada were provided to fund provincially sponsored projects. These loans bear interest at rates ranging from 7.03% to 9.57% and mature from March 31, 1993 to March 31, 2003, with $3,071,000 payable within the next fiscal year.

5. DEBT CHARGES

Debt charges consist of the following:

	1991	1990
	(in thousands)	
Interest on outstanding debentures	$656,410	$576,101
Amortization of discounts on debentures	5,631	4,952
Interest on short-term borrowings	22,314	6,984
Foreign exchange net gains realized	(1,540)	(378)
Amortization of unrealized foreign exchange net gains	(13,022)	(18,269)
Other financing charges and costs	1,909	1,481
	$671,702	$570,871

The annual interest rates for individual borrowings are reflected in the Statement of Debentures and Sinking Funds.

For the years ended March 31, 1991 and March 31, 1990, the average interest cost in respect of these debentures was 9.17% and 9.45%, respectively, calculated by applying the actual interest paid, expressed in Canadian dollars, plus the annual amortization of debenture discount as a percentage of the original proceeds of the debenture issues expressed in Canadian dollars. The amortization of net gains on the translation of foreign currencies is not taken into account in the calculation.

6. CONTINGENT LIABILITIES

The Province acts as a guarantor of debt issued by Crown corporations, agencies, and various other entities under authorities provided by Provincial statutes. At March 31, 1991, outstanding bank loans, bonds, debentures, etc., directly guaranteed by the Province are summarized below, net of sinking fund balances.

	1991	1990
	(in thousands)	
Nova Scotia Power Corporation	$1,656,815	$1,478,015
Nova Scotia Municipal Finance Corporation	440,508	364,938
Nova Scotia Resources Limited	280,385	167,198
Halifax-Dartmouth Bridge Commission	99,043	97,138
Sydney Steel Corporation (See Note 2)	71,677	19,513
Industrial Development Act	33,385	31,881
Other	22,546	37,462
	$2,604,359	$2,196,145

The Province has guaranteed future obligations of Novaco Limited, a crown corporation, pursuant to an agreement to take or pay for up to 275,000 tonnes of premium coal from a mine in Pictou County. The Province's commitment is dependent upon production and sales volumes, and market prices.

The Province is also contingently liable, pursuant to an agreement between the Government of Canada and the Province entered into under the Atlantic Provinces Power Development Act, for the repayment by the Nova Scotia Power Corporation of long-term notes payable to the Government of Canada amounting to $34,626,000 at March 31, 1991.

The Province has also guaranteed performance bonds and letters of credit totalling $8,123,000 for Sydney Steel Corporation and has issued other performance guarantees totalling $22,500,000.

7. COMMITMENTS

The Province was obligated to the extent of approximately $108,073,000 for construction contracts entered into on or before March 31, 1991 and not completed at that date, of which $61,977,000 is being funded by other agencies or the Federal Government.

The Province has a statutory requirement to make payments to municipalities and school boards to service debt incurred with respect to the construction, alteration and improvements to school buildings or acquiring land therefore. At March 31, 1991, outstanding debt of the municipalities and school boards for these purposes was $188,044,000, of which $156,600,000 was provided through the Provincially guaranteed borrowings of the Nova Scotia Municipal Finance Corporation. Annual principal and interest payments to service this debt for the years ended March 31, 1990 and 1991 amounted to $43,460,000 and $48,014,000, respectively. Such payments for the years ending March 31, 1992 to 1996 are projected to be $51,665,000, $46,455,000, $43,811,000, $40,315,000 and $38,517,000, respectively. In addition there are approved school construction projects amounting to $71,757,000, for which, if completed, the Province will be obligated to pay debt servicing grants.

At March 31, 1991, the Province was also committed to providing debt servicing grants with respect to $225,500,000 of debt related to the cost of approved hospital construction projects. Of this amount $54,700,000, was provided through guaranteed borrowings of the Nova Scotia Municipal Finance Corporation. Annual debt servicing grants payable for the years ended March 31, 1990 and 1991 amounted to $9,978,000 and $9,641,000, respectively. Such payments for the years ending March 31, 1992 to 1996 are projected to be $11,815,000, $17,260,000, $26,060,000, $31,038,000 and $34,453,000, respectively.

8. PUBLIC SERVICE SUPERANNUATION FUND

Employees of the Province and certain of its entities are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by employee contributions of 7% of salary and equal contributions by the Province and participating agencies. During the fiscal year ended March 31, 1991, employee and employer contributions totalled $72,722,000. In addition, payments must be made by the Province out of its Consolidated Fund if the Public Service Superannuation Fund is insufficient to provide for pension payments as they become due.

Pensions are paid on the basis of the average salary for the five highest years at the rate of 2% for each year for which contributions were made. Contributions and benefits paid are integrated with the Canada Pension Plan. Employees and the Province contribute at a reduced rate (5.4%) and employees receive a reduced pension (1.3%) in respect of earnings eligible for Canada Pension Plan benefits. Pension payments are increased annually (January 1) by the lesser of the increase in the Consumer Price Index or 6%.

The most recent actuarial valuation based on information as of March 31, 1990 projects liabilities for each member on the basis of service earned to date and projected average salaries for the five highest years at the date of retirement. The assumptions used in the actuarial valuation at March 31, 1990 include a 4.5% inflation rate, 0.5% real average salary increase, plus an average of 1.3% for merit increases, and a 4.5% real rate of return on investments. The actuarial valuation indicates that at March 31, 1990, the Fund had actuarial liabilities with a present value of $1,328,147,000 and assets valued for actuarial purposes at $1,081,744,000 resulting in an unfunded actuarial liability of $246,403,000. Approximately 88% of employee and employer contributions are required to meet current service costs; the remaining 12% is available for funding of past service costs.

Additional Pension Benefits

Provincial legislation and regulations provide that certain payments to pensioners are charged to the Consolidated Fund of the Province rather than to the Public Service Superannuation Fund. Such payments for the fiscal years ended March 31, 1991 and March 31, 1990, amounted to $2,711,000 and $2,541,000, or 5.3% and 6.0% of the total benefits paid, respectively.

These payments covered the following benefits:

	1991	1990
	(in thousands)	
War Service and Other Non-Contributory Service	$1,708	$1,701
Early Retirement Incentive Program (1985)	558	540
Benefits under the Public Service Act (3 year averaging)	30	30
Pension Supplement (e.g. Judges)	415	270
	$2,711	$2,541

In February 1991, the Province announced an Early Retirement Incentive Program which basically entitles any employee whose combined age and pensionable years of service totals 80 to elect to take early retirement during the period July 31 to October 31, 1991. The Province offered such employees a bonus of up to five years of pensionable service in order for them to comply with the requirements of the Public Service Superannuation Act. Those not requiring the full five years are entitled to a cash payment for the unused portion. The cost of this Early Retirement Incentive Program is not included in these financial statements.

9. MEMBERS' RETIRING ALLOWANCE ACT

Members of the Legislative Assembly are entitled to receive retiring allowances pursuant to the provisions of The Members' Retiring Allowance Act.

Members make contributions of 10% of their Annual Indemnity Payment, their Annual Allowance for Expenses and Executive Council or other salaried office, with equal contributions by the Province.

Benefits are paid on the basis of the average last 3 years of remuneration at the rate of 5% for each year of service, to a maximum of 15 years of service.

A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies, and having attained age fifty. Former members who qualify for a retiring allowance may make application for an actuarially reduced allowance as early as forty years of age. Retiring allowances are increased annually (January 1) by the lesser of the increase in the Consumer Price Index or 6%.

The most recent actuarial valuation of the Members' Retiring Allowance Account as of March 31, 1989, indicates that the account had actuarial liabilities of $26,302,000 and assets of $1,732,000, resulting in a deficit of $24,570,000, based on assumptions of a 10% interest rate and 6% inflation. Changes recommended by the Commission of Inquiry on Remuneration of Elected Provincial Officials had the effect of increasing the deficit by $3,595,000 for a total of $28,165,000.

10. TRUST FUNDS UNDER ADMINISTRATION

Some of the major trust funds administered by the Province are:

	1991	1990
	(in thousands)	
Public Service Superannuation Fund	$1,267,085	$1,070,799*
Nova Scotia Teachers' Pension Fund	1,049,190	903,498*
Universities Assistance Act Sinking Fund	25,771	23,745
Members' Retiring Allowance Act	1,265	1,566
Miscellaneous Trusts	19,935	18,068
	$2,363,246	$2,017,676

* These amounts have been restated for comparative purposes to reflect pension fund assets at market values.

This brochure and other Financial Publications may be obtained by writing to:

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